Secret. H-27—20,000—16-11-43.

Rev (194) Department.

SERIES.

G.O. No. 2797

Dated 8-12-44

[Despatch Abstract.]

Expense - Carriage Arrack - S. Kanara
Manufacture and supply in sealed
bottles and on draught - 1942-43 - Board's
proposals Approved

Department.

C. No. 22920/41

List of records put up.

Number	Date.	Department	Signature of Clerk putting on the name	Signature of Clerk
Zo Gen	662	Rev	23/4	
Zo Mn	696	Pol	2.4	
Zo P	628	Rev	17.3.4	
Zo C	209	Pol	15.11.38	
Cwlth	3424	D	28/4.11.3	
Zo Mn	711	Rev	8.11.38	
Zo Mn	23-3	Rev	28.1.37	
Zo Mn	7637	Rev	[illegible]	
Zo Mn	202	Rev	6.2.38	
Zo Mn	2440	Rev	11.10.38	
Zo	673	Rev	4.10.34	

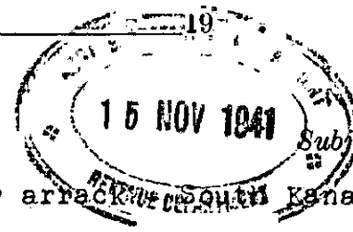
C.F. 31—2,506—4-2-39.

BOARD OF REVENUE (EXCISE) **DEPARTMENT.**

CURRENT No. 2692 D

15/11 (41)

Received ____ 19 *Registered* ____ 19



Subject.

Cashew arrack in South Kanara district - Manufacture and supply in sealed bottles and on draught - 1942-43 - Proposals -

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C.R. No. 10807-Abk./41-A

Station Triplicane, Madras, *Dated the* 12-11-1941.

From

SRI RAO SAHIB C. RAGHAVAN, B.A.,
~~Secretary,~~ ASSISTANT SECRETARY,
Board of Revenue. (EXCISE)

E.M. Gawne Esq., I.C.S.,
Commissioner of Excise, Board of Rev.; Sep.Rev., and
Commissioner of Commercial Taxes.

REFERENCE:-

The Board invites the attention of the Government to their Order No.MS.162-Rev., dated 23-1-41 in which they ordered the manufacture by Messrs. Parry & Co., Ltd., during the last cashew season of 500 gallons of cashew arrack of 35° u.p. for sale in bottles and of 375 gallons of 35° u.p. required for use in hospitals. It is reported that the quantity of 500 gallons of 35° u.p. allotted for supply to shops in bottles has been exhausted by 21-7-41 and that there is no stock of this arrack in the warehouse.

2. As regards the quantity of 375 gallons of 35 u.p. allotted for supply to hospitals, a quantity of 85 gallons of that strength was issued to hospitals from the middle of June 1941 to 30-9-41. At this rate of issue, the quantity required for issue to hospitals for six months from 1-10-41 to 31-3-42 works out to 145.7 gallons of 35° u.p. There is therefore a balance of ----

375 - (85 + 145.7) or 144.3 gallons of 35 u.p.available for issue to shops, out of the supply allotted for hospitals. As the "Colonial Brandy" that was used in hospitals prior to the issue of G.O.No.MS.696-P.H.,dated 17-2-41 was only Indian made foreign spirits manufactured by Messrs.Parry & Co.,out of arrack plus brandy essence, the Board considers that there will be no harm in the hospitals reverting to "Colonial Brandy" during part of the year, if there is difficulty in complying with part of their requirements for cashew arrack. On the other hand, it is undesirable that the licit supply of cashew arrack should run out when the Government are trying to introduce it to combat illicit distillation of cashew arrack. The Board, therefore, requests that the Government may be pleased to order the diverting of 150 gallons of 35 u.p.for issue to shops in bottles during the year, out of the 375 gallons of 35 u.p.allotted for supply to hospitals. The Board requests the issue of early orders in the matter.

3. The increase in the consumption of cashew arrack during the year is attributed to the popularity it has gained among the drinking public and to the better quality of cashew arrack manufactured last season. At the rate of consumption of 500 gallons for 3-2/3 months in the current year, the annual consumption works out a to about 1637 gallons of 35 u.p. and allowing about 375 gallons for issue to hospitals as in last year 2012 gallons of 35 u.p.are required for issue to shops in bottles and hospitals during the next year. Making allowance for a portion to be sold on draught, the Board requests that the Government may be pleased to order the manufacture of 2,000 proof gallons of cashew arrack during the next cashew season.

4. In their Order No.Ms.162-Rev.,dated 23-1-41 the Government remarked that it was more probable that the new cashew arrack would displace molasses arrack owing to its comparative cheapness with consequent reduction of Government revenue. The consumption of molasses arrack up to 30-9-41 is 16004 proof gallons against 14825 proof gallons in the corresponding period of last year. The total quantity of 500 gallons of 35 u.p.of cashew arrack provided for supply to shops during the year has

been exhausted within the first 4 months of the year. It may be seen that the increase in the consumption of cashew arrack had no adverse effect on the consumption of molasses arrack in the first half of the current year which shows an increase over that in the corresponding period of last year. It appears therefore that the is an increased licit demand for cashew arrack from a particular community in the district and that it is advisable to provide facilities to meet the demand to avoid replacement of licit cashew arrack by illicitly distilled cashew arrack. In the circumstance there is no reason to fear any reduction of Government revenue on account of the increase in consumption of cashew arrack. The Board considers that the sale of cashew arrack on draught would mean a small reduction in the price by getting rid of the cost of bottles. The quantity of 2000 proof gallons recommended for manufacture during the next cashew season has an excess over the probable quantity required for sale in bottles and issue to hospital which may be issued on draught. The Board considers that the cashew arrack ought to be also available by the dram and not only by the bottle and requests that the Government may be pleased to permit the sale of cashew arrack on draught, in addition to sale in bottles, for 1942-43.

5. The Board would, in this connection, point out that the hydraulic press and other requipments belonging to the Government at the Chowghat distillery will, as in the last 3 years, be placed at the disposal of Messrs.Parry & Co.,Ltd.,and that all expenses in connection with the distillation and supply will be borne by the Company.

12.11.41

ASSISTANT SECRETARY.

To the Secretary to Government, Revenue Department.

R.P.N.15/11.

13/11 13/11/41 13.11-41

Rev Depn

Excise - Cashew arrack - South Kanara D. - Manufacture and supply in sealed bottles and on draught - 1942-43 - Proposals.

C no 2692 D/41.

ps 1-3 cf — From the Board of Rev C.R. No 10807 Ab4/41-1

dt 12.11.1941.

To D.S

Please see the Board's Proc at ps 1-3 cf regarding the manufacture and supply of Cashew arrack.

2. For a brief history of the manufacture of cashew arrack attention is invited to ~~paras 3 to 6 of the minutes at ps 11-13 of Ledger 3424 D/39 Rev dt 4.11.39~~, the late Secretary's note at ps 11-14 and the orders at ps 17-18 of Rev Ms 162 Rev dt 23.1.1941. The Govt were in favour (M) ~~not~~ ~~any Proposal~~ of the Board's proposals put forward early in January 1941 for the manufacture of Cashew arrack for sale on draught in the S. Kanara D. (M) 4 shops by Messrs Parry & Co of about 2000 proof gallons of arrack and was accorded only for the manufacture of 500 gallons of Cashew arrack of 35° U.P for sale in bottles in the S. Kanara D. (M) p 18 and of 375 gallons of 35° U.P required for hospitals in the Presidency.

3. The Board has now reported that the entire quantity of 500 gallons allotted for supply to shops in bottles has been exhausted by 21.7.41 and that there is no stock of this arrack in the warehouse. ~~And the 375 gallons allotted for supply to hospitals only a quantity of 85 gallons was issued up to 30.9.41 and it~~

on 1 cf 2 on p 1 cf

~~the date of issue, the quantity required for hospital~~
~~use up to 31st March 1951 be restricted at 4½ gallons.~~ should be
For the reason stated in para 2 on pp 1-2 of the
~~The~~ Board ~~has~~ recommends that a quantity
of 150 gallons may be diverted from the quantity allotted for hospital use for issue & shops in Belize during the current year. ~~to meet such local demand~~ the Board considers that hospitals can revert to "Colonial brandy" during part of the year if there is difficulty in complying with part of their requirements for cashew arrack. ~~For or whether the Board's recommendation will be accepted.~~

para 2 on pp 1-2 c

A

~~a~~ arrack plus brandy essence

4. In para 1 of No 162 Rev of 23.1.51, the Govt remarked that it was more probable that the new cashew arrack would displace molasses arrack owing to its comparative cheapness with consequent reduction of Govt revenue. The Board has examined this point in para 6 of its Rpte on pp 2-3 of and has stated that the increase in the consumption of cashew arrack had no adverse effect on the consumption of molasses arracks in the first half of the current year and that there is no reason to fear any reduction of Govt revenue. The Board states that there is increased licit demand for cashew arrack from a particular community in the S. Caravan D and that it is advisable to ~~provide~~ facilities to meet the demand to avoid replacement of licit cashew arrack by illicitly distilled cashew arrack. The Board has therefore recommended that sanction may be accorded

(M) / pp 17-18

pp 2-3 of

p 3 of

para 3 on p 2 of B | for the manufacture of 2000 proof gallons of ~~[illegible]~~ of cashew arrack including 375 gallons for hospital use during the next cashew arrack season 1962-63. The Board also considers that cashew arrack ought to be available by the drum and not only by the bottle and recommends that out of the 2000 gallons, the excess over the forecast quantity required for sale in bottles and issue in hospitals may be issued on draught.

p 3 of C

5. The issue prices will be the same as was ordered in para 2 on p 18 of (M): ~~except~~ in the case of sale on draught the prices ~~quoted~~ will be less as a result of getting rid of the cost of bottles

X on p 3 of

6. For orders whether the Board's recommendations at 'A', 'B' and 'C' on pp 2-3 above may be accepted. The remarks of E.P.H may be invited with reference to 'A' on p 2 ante. Finance may also see

[signature]
17/11/61
to
19/11

The proposal referred to at A on page 2 above may be approved.

2. B above.

The quantity manufactured for the current year for private consumption is 500 gallons of cashew arrack of 35° u.p. for sale in bottles and

375 gallons of 35° u.p. for use in hospitals. The quantity required for use in hospitals for 6 months is estimated to be 145.7 gallons of 35° u.p. 300 gallons for hospital use seems therefore to be sufficient.

Brief

As for private consumption we may double the quantity manufactured during the current year and fix the quantity at 1000 gallons of 35° u.p. to be on the safe side.

The total will be 1300 gals as against 2000 proposed (struck)

3. The proposal at C on page 3 above may be approved.

19/7
18/12/41
S

The note on 11-14 mfr of (M) describes the prep - but of cashew anacic distillate and suggests caution

The proposal at A is a temporary safeguard - under the diversion of hospital supplies to general consumption and EPIs remains to be denied.

As regards the general proposals the Bd considers that a consumption of D 500 gallons = 3½ months justifies a production of 16000 gallons of bottle arrac for the year and it would produce another 1000 gallons for drum consumption, in addition to 375 gallons for hospital use.

Port Louis would welcome caution but on general economic considerations it would seem undesirable to encourage the use of cashew fruit – a waste product ~~and the use of which~~ [illegible] ~~would seem~~ to have two alternative uses ~~either for the extraction~~ [illegible] ~~which would seem~~ to have [illegible]

'The [illegible]

(1). [illegible]

as suggested by Board
on p 3 — 4 ante

or

(2) to go ahead as
suggested by the Board.

Personally I would
favour going ahead.

Asst.
19-4

LPH

PNN.

Revenue 2692 D/44
18/11/44

Edn and P.H.(D.) Depts.

In his letter dated 16-12-40 - p. 26 V - the S.G. estimated that the quantity of cashew arrack which would be required for use in Govt. hospitals would be about 375 gallons a year. A quantity of 375 gallons was accordingly ordered ~~ordered~~ to be manufactured for hospital use during the last cashew season - G.O. 162 Rev., dated 23-1-41.

p 18 ante

(M)

2. The proposal now is to divert about 150 gallons from this stock for sale to the public. Judging from the quantity issued for hospital use (85 gallons for 3½ months) the Board estimates that another 145 gallons would be required

para 2, p. 1 ante

upto the 31st March 1942. In other words out of the stock of 375 gallons, a quantity of 230 would be required for hospital use, leaving a balance of 145 or roughly 150 gallons for other use. The proposed diversion need not be objected to in this department. A reference to the S.G. is unnecessary. The file may be passed on to the Fin. Dept.

Finance (Accounts).

Please see Mr.Holdsworth's note on pages 11-1 of G.O.No.162 Revenue dated 23-1-1941 which gives a history of the experiment in the manufacture of cashew arrack in the South Kanara district. Last year the Board's estimate of 2,000 proof gallons (or 3080 gallons 35° u.p) as the probable quantity of consumption in 1941-42 was considered over-optimistic and the Govt. sanctioned the manufacture by Parry & Co of only 500 gallons 35° u.p. for sale in bottles and 375 gallons 35° u.p. for use in hospitals [redacted]. With reference to the rate of actual consumption in the current year, the Board has made the following proposals:-

(1) that a quantity of 150 gallons 35° u.p may be diverted from the quantity allotted for hospital use (375 gallons 35° u.p.) for issue to shops in bottles, and

(2) that 2000 proof gallons (or 3080 gallons° u.p.) may be manufactured for 1942-43, including quantities required for hospital use and for sale in draught.

The Revenue Department have supported the Board's proposal.

2. Item (1) above calls for no remarks in this Department. The E and P.H. Dept. have accepted the proposal.

As regards item (2) the Board has repeated its proposals of last year. The question is whether such a large quantity as that proposed by the Board should be manufactured next year on the basis of the actual consumption in the first 3 months and 21 days of the current year (1-4-41 to 21-7-1941). Though the quantity sanctioned by the Govt. last year has proved insufficient, it would seem desirable to have figures of consumption for a longer period than 3 months and 21 days in order to judge whether it will be necessary to manufacture 2000 proof gallons (or 3080 gallons 35° U.p) The Govt. will no doubt get an additional income of Rs 8,340 from duty at Rs 3 per gallon 35° u.p. on 2780 gallons (3080-300 required for hospital use). But it has to be ensured that there will be no loss either on account of overproduction of cashew arrack or smaller sales of molasses arrack owing to the former being cheaper. As regards the latter factor, the Board says on the basis of the figures for the

Cf 'B' on Page 11 c
Co 162 Re
23 1 41 (M)
See Para 1 on Page 17-1
of (M) and para c
on Page 2-3 'F.

first half of the current year that there will be no reduction in Govt. revenue for molasses arrack. Even here the period taken does not seem to be sufficiently long to form any definite conclusion.

In the circumstances, it is for orders whether Finance may advise that the quantity to be manufacture next year may be fixed on a cautious basis, say at 1000 proof gallons or 1540 gallons 35 ° u.p.. This will give 1240 gallons for sale in bottles and draught and 300 gallons for hospital use.

Ex. 1/12/41 Liquor Consumption has its ups and downs following economic Conditions. This year economic conditions have been good in the West board except for the cyclone of May last. Finance may agree to 2000 proof gallons

GS 3/12/41

The proposals may be accepted. The Board has given good reasons

4/12

Rev

Rev Depy

Trunco: 40098 Recd 3.12.41

Not Compl

Ltr No. 6.12.41 from RDC 28553D

Ltr A.S

A draft order is submitted for approval

5/12/41 for 6/12

6/12

3 DEC 1941

F.D. 4/12 A4

VU Issue for Rev 15

C.F. 16

Rev Dept

DRAFT FOR APPROVAL.

	Date.	Initials.
When received for fair copying ..		
When copied ..		
When examined..		
When signed ..		
When despatched.		

SUBJECT :—

READ AGAIN _____, dated _____ 19____

" " G.O.ms 162 Rev " 23. 1. 1941 (M.

READ *ALSO* :—

No. 2892/41 From the Board of Rev C.R, No. 10807-ABO/41-A, dated 12. 11. 1941 CF

" _____ " _____ " _____ " _____ 19____

" _____ " _____ " _____ " _____ 19____

Order Ms. ~~Resolution Rout.~~ No. 2797 dated D. 12/41 19____

'Z' on p2cf

para 2 on p18 g (M)

para 3 on p2 cf

'M' on p3 cf

The following proposals of the Board of Revenue are approved:—

(1) that a quantity of 150 gallons of 35° u.p of Cashew arrack may be diverted for issue to shops in bottles during the current year, out of the ~~2000~~ 375 gallons of 35° u.p allowed for hospital use vide G.o.ms 162 Rev dy 23.1.1941

(2) that 2000 proof gallons of cashew arrack may be manufactured during the ensuing cashew season, including about 375 gallons ~~quantity~~ required for issue to hospitals, as

(3) that, ~~on account of sale in bottles~~ also the arrack may be sold on draught ~~also~~ during 1942-43 in addition to being sold in bottles

Issue for Rev
By the Dewan.
Signed
12/12/41

Signed
12/12

12/12!